

Service Date: September 22, 1997

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER of the Application)	UTILITY DIVISION
of Northwestern Telephone Systems, Inc.)	DOCKET NO. N97.4.58
dba PTI Communications for Approval)	
of Digitrex Plus.)	ORDER NO. 6006

FINAL ORDER

Introduction

1. On April 3, 1997, Northwestern Telephone Systems, Inc. dba PTI Communications (PTI), filed a tariff application for approval of Digitrex Plus. PTI's Application stated that Digitrex Plus is a replacement for Digitrex II, a similar service which was discontinued and grandfathered for existing customers on February 25, 1997. See In the Matter of the Application of PTI Communications to Discontinue Digitrex II Service, Docket No. D96.2.15, Order No. 5905c (February 25, 1997), *aff'd on reconsideration*, Order No. 5905d (June 10, 1997). In Docket No. D96.2.15, PTI stated that it intended to replace Digitrex II with a new service offering when it developed a structure and pricing that would be more suitable to a competitive local service environment.

Findings of Fact

2. Digitrex Plus is designed to accommodate both small and large business customers. The basic structure consists of two classes of rate elements: group charge and line charges. The rate structure provides volume by location pricing, whereby the first line at any location carries a higher charge than additional lines at the same location. Discounts apply based on the total number of lines and whether the customer subscribes to the service on a month to month basis, a 24 month contract, or a 48 month contract. Line charges are also discounted based on the level of network access.

3. PTI proposes to offset an expected increase in Digitrex revenues by implementing a \$.14 per line decrease in Business Valleywide, Business Basic, and Semi-Public monthly rates. Under PTI's proposal, the current Public Access Line (PAL) monthly rate of \$53.40 is also reduced to the proposed Business Valleywide rate, a \$17.94 decrease. PTI states that these proposed rate changes are designed to be revenue neutral overall.

5. PTI states that the impact on customers varies. Generally, customers with many locations will see a rate increase and existing Digitrex I customers will see a decrease. In response to inquiries from Commission staff, PTI stated that, after approval of the new tariff filing, PTI will individually contact existing Digitrex II customers to explain how the new filing will affect them and to discuss options. Grandfathered Digitrex II customers whose rates would be less under the new Digitrex Plus prices may convert to Digitrex Plus without penalty. Customers who would be adversely affected by the new prices may retain their present Digitrex II contract rates until their existing contracts expire.

6. The Commission's decision in this case is based on the information provided in PTI's filing and limited additional information obtained by Commission staff in the course of processing the filing. Although PTI provided supporting information to demonstrate that the proposed rates for Digitrex Plus services cover relevant costs, a comprehensive cost of service analysis was not conducted. However, none of PTI's existing Digitrex II customers and no potential Digitrex Plus resellers have protested or commented on the proposed Digitrex Plus rate structure.

7. The Commission concludes it is appropriate to monitor the actual revenue received following implementation of the requested tariff additions and revisions. PTI will be required to file with the Commission estimates of 12 months projected revenues received as a result of the rate changes approved in this filing for Digitrex ("II" and "Plus"), Business Valleywide, Business Basic, semi-Public monthly charges, and Public Access Line rates. After 12 months actual experience with the changed rates, PTI will be required to file documentation of the actual revenue received from the rate changes approved in this filing.

Conclusions of Law

8. The Montana Public Service Commission has the authority to regulate and control public utilities. Section 69-3-102, MCA. PTI is a public utility offering regulated telecommunications services in the State of Montana. Section 69-3-101, MCA.

9. The Commission has the authority to do all things necessary and convenient in the exercise of its powers granted to it by the Montana Legislature and to regulate the mode and manner of all investigations and hearings of public utilities and other parties before it. Section 69-3-103, MCA.

10. Adequate public notice and an opportunity to be heard has been provided to all interested parties in this Docket, as required by the Montana Administrative Procedure Act, Title 2, Chapter 4, MCA.

11. The Commission's approval of PTI's application for approval of Digitrex Plus is consistent with the public interest.

Order

THEREFORE, based on the foregoing, IT IS ORDERED that:

1. PTI's Digitrex Plus filing is approved;
2. Grandfathered Digitrex II customers may substitute Digitrex Plus without penalty under their existing contracts; and
3. PTI shall individually contact its existing Digitrex II customers to explain how the new filing affects them and to assist them in obtaining the most cost affective option;
4. PTI shall file within 20 days estimates of 12 months revenue it expects to receive following implementation of these tariff changes and, within 30 days after the expiration of 12 actual months, file documentation evidencing the actual revenues received.

The Commission's approval of this tariff filing does not resolve the issues raised in Flathead Valley Business Association's pending complaint against PTI and does not affect the status of the complaint.

DONE AND DATED this 15th day of September, 1997, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY MCCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.